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Before the  
Federal Communications Commission  
Washington, D. C. 20554

FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

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In the Matter of )  
 )  
Unbundling of Local Exchange ) RM - 8614  
Carrier Common Line Facilities )

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COMMENTS  
OF THE  
UNITED STATES TELEPHONE ASSOCIATION

The United States Telephone Association (USTA) respectfully submits its comments on the above-referenced rulemaking petition. USTA is the principal trade association of the exchange carrier industry. Its members provide over 98 percent of the exchange carrier-provided access lines in the U. S.

On March 7, 1995, MFS Communications Company, Inc. (MFS) filed a petition requesting that the Commission initiate a rulemaking proceeding to require all Tier 1 exchange carriers, except NECA pool members, to provide the common line element of interstate switched access service (the local loop) on an unbundled basis. As will be discussed below, USTA opposes the initiation of such a limited rulemaking proceeding. Unbundling local loops cannot be considered until a comprehensive examination of the current access structure is completed and current uneconomic access pricing requirements are eliminated.

The rulemaking suggested in the petition is based upon a faulty premise and is too narrowly focused to serve the public interest. It simply ignores all of the regulatory areas which must be addressed in order to ensure that regulatory policies

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accommodate the increasing competition between exchange carriers and competitive access providers like MFS. Such areas include: pricing flexibility, access rate structure, tariff notice periods, cost support and demand information, economic depreciation rates, sharing and disincentives for investment, service area descriptions, and other reporting requirements. USTA proposed a comprehensive plan to address these issues and requested that the Commission initiate a rulemaking proceeding to consider its proposals in 1993.<sup>1</sup> Despite the fact that the majority of commenting parties supported the idea of such a rulemaking proceeding, the Commission has yet to initiate it.

MFS' petition is also based on the faulty premise that it is necessary to retain or, in many instances, increase the regulatory restraints on exchange carriers in order for competition to exist.

Given the incredible rate of entry of MFS and other competitive access providers into access and local exchange services, it is clear that entry barriers are falling rapidly and dramatically. And, the Commission has stated repeatedly that it is committed to a policy of increasing competitive entry. Many states have already authorized competition for local exchange service or have proceedings underway to do so. In those states, many of MFS' proposals may not even be necessary.

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<sup>1</sup>See, Reform of the Interstate Access Charge Rules, USTA Petition for Rulemaking, RM 8356, filed September 17, 1993. See, also, USTA Comments, Price Cap Performance Review for Local Exchange Carriers, CC Docket No. 94-1, filed May 9, 1994.

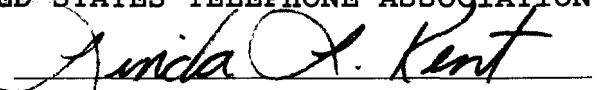
Regulatory policies which treat competitors differently can artificially bias customers' choices and distort entry and investment decisions. MFS' petition seeks to establish federal standards for local service competition that will provide it with a competitive advantage. Contrary to MFS' petition, regulatory policies should promote and protect competition, not protect competitors from competition.<sup>2</sup>

USTA strongly supports the initiation of a rulemaking proceeding which addresses all of the implications of local and access service competition on the federal regulations applicable to exchange carriers. Given that USTA has already provided the Commission with suggested rules changes in order to accomplish that objective, USTA urges the Commission to initiate RM 8356 as soon as possible.

Respectfully submitted,

**UNITED STATES TELEPHONE ASSOCIATION**

By:



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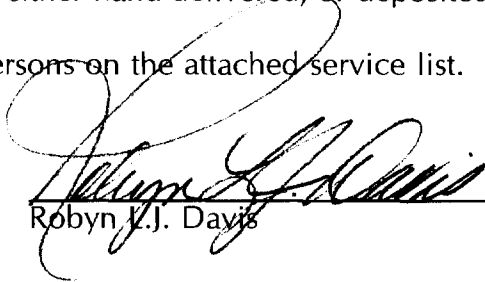
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<sup>2</sup>See, "Economic Benefits of LEC Price Cap Reforms," by Professor Robert G. Harris, Comments of USTA, Price Cap Performance Review for Local Exchange Carriers, CC Docket No. 94-1, filed May 9, 1994 at Attachment 2, p. 16. (Dr. Harris points out that differential regulation between an incumbent provider and a new competitor will increase the problems of imbalanced competition and targeted entry).

**CERTIFICATE OF SERVICE**

I, Robyn L.J. Davis, do certify that on April 10, 1995 copies of the Comments of the United States Telephone Association were either hand-delivered, or deposited in the U.S. Mail, first-class, postage prepaid to the persons on the attached service list.



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